

2006-2007 PERFORMANCE PLAN – SENIOR INVESTMENT OFFICER (Ishii)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
45%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal—CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
25%	CalPERS Total Fund Performance	Net of Fees, excess return in basis points relative to total fund performance benchmark. Comp-PERS Total Fund All Portfolios- CalPERS Policy Index (Daily) {SJ1CA1 – CPERSTO2}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
5%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (2%) High Quality LIBOR Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW3X – CPERLFFD} (2%) Short Duration Fund – CalPERS Blended Libor Fed Fund Index (Daily) (SW9D – CPERLFFD) (1%) CalPERS Internally Managed Short Term - State Street STIF net of fees {SJ10 – Y8K2} 	0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 +10 basis points = 1.0 +15 basis points = 1.5

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Quantitative Performance Measures (continued)

5%	Internal Passive Currency Overlay Management	Net of Fees, return in basis points relative to: Passive currency overlay portfolio – PERS Pareto CCR {SW5PB – YET2}	> -50 basis points = 0 > -30 basis points = 1.0 > -20 basis points = 1.5
5%	Active International Fixed Income Managers	Net of Fees, excess returns in basis points relative to: Aggregate of the International Fixed Income Managers- CalPERS World Govt X US: {SJDCA1 – CALWGXU2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
85%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

15%	Leadership	Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none"> • Within Investment Group • Trustees • CalPERS • External Investment Community • Diversity • Succession Plan • Strategic Plan 	Score (0 – 10) 0 = 0 5=1.0 10=1.5
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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
	Leadership – continued Including CalPERS Enterprisewide Objectives:	<u>Enterprise Compliance:</u> By June 30, 2007: <ul style="list-style-type: none"> Identify all policies and regulations for my area/asset class and the tools and monitoring methods used to ensure compliance; Ensure that all staff in my area of responsibility have completed ethics training and are knowledgeable regarding all policy, rules and regulations affecting their position; and Perform compliance risk assessment of policies, rules and regulations in my area/ asset class and submit to CIO. (Compliance Office will supply a template, criteria and training on compliance risk assessment by 1/1/07.) <u>Employee Survey Initiatives:</u> <ul style="list-style-type: none"> Choose one high-impact activity from 14 Employee Survey Initiatives that is significant and meaningful to your asset class group; obtain CIO approval of specific goal relating to initiative for achievement by June 30, 2007. 	From schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006